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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

CARL J. KUNASEK
CHAIRMAN

JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

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AZ CORP COMMISSION
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CP

IN THE MATTER OF THE APPLICATION OF
BUEHNER-FRY, INC. D/B/A RESORT
OPERATOR SERVICES FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE RESOLD INTRASTATE
TELECOMMUNICATIONS SERVICES

DOCKET NO. T-02764A-94-0140

PROCEDURAL ORDER**BY THE COMMISSION:**

On May 5, 1994, Buehner-Fry, Inc. d/b/a Resort Operator Services ("Applicant" or "BFI") filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive resold intrastate telecommunications services within the State of Arizona.

On February 11, 2000 and June 9, 2000, BFI filed updates to its application.

On June 26, 2000, BFI filed a letter indicating that it currently does not, and will not in the future, charge customers any advances, prepayments, or deposits.

On July 21, 2000, BFI filed an amendment to its application as well as Affidavits of Publication indicating compliance with the Commission's notice requirements.

On September 13, 2000, the Commission's Utilities Division Staff ("Staff") filed its Staff Report in this matter.

Pursuant to A.R.S. § 40-282, the Commission may act on an application for a Certificate to provide resold telecommunications services without a hearing, or with a hearing if one is requested by any party.

On August 29, 2000, the Court of Appeals, Division One, ("Court") issued its Opinion in Cause No. 1 CA-CV 98-0672 ("Opinion"). The Court determined that Article XV, Section 14 of the Arizona Constitution requires the Commission to "determine fair value rate base ("FVRB") for all public service corporations in Arizona prior to setting their rates and charges." Although that Opinion will more than likely be appealed to the Arizona Supreme Court, we are going to request

1 FVRB information at this time to insure compliance with the Constitution should the ultimate
2 decision of the Supreme Court affirm the Court's interpretation of Section 14. We also are concerned
3 that the cost and complexity of FVRB determinations must not offend the Telecommunications Act
4 of 1996.

5 Pursuant to Commission rules, the Commission now issues this Procedural Order to govern
6 the preparation and conduct of this proceeding.

7 IT IS THEREFORE ORDERED that BFI shall mail Qwest Corporation, formerly U S WEST
8 Communications, Inc. notice of its pending application by October 13, 2000.

9 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
10 except that all motions to intervene must be filed on or before **12 noon** on October 24, 2000.

11 IT IS FURTHER ORDERED that BFI shall file its proposed FVRB as soon as possible but no
12 later than **12 noon** on November 3, 2000 (pursuant to A.A.C. R14-2-103(B), this may be the same as
13 original cost rate base). The FVRB shall include the value of all plant and equipment currently held
14 by the Company and intended to be used to provide telecommunications services to Arizona
15 customers. In doing so, BFI may use any reasonable means of asset allocation, direct assignment or
16 combination thereof.

17 IT IS FURTHER ORDERED that BFI shall file a description of all plant and equipment
18 currently held by the Company and intended to be used to provide telecommunications services to
19 Arizona customers, including their cost and location, as soon as possible, but no later than **12 noon**
20 on November 3, 2000.

21 IT IS FURTHER ORDERED that BFI shall file information demonstrating how the value of
22 its plant and equipment (both current and projected) is related to its total service long-run incremental
23 costs as soon as possible, but no later than **12 noon** on November 3, 2000 (such demonstration must
24 include the amount of depreciation expense and capital carrying costs related to the FVRB which has
25 been incorporated into the long-run incremental costs).

26 IT IS FURTHER ORDERED that for all maximum rates and charges of BFI which are higher
27 than those of the incumbent local exchange carrier ("ILEC") for the same regulated services, BFI
28 must demonstrate that such rates and charges are not unreasonable, and constitute a fair rate of return

on FVRB (if there is more than one ILEC in your proposed service area, use Qwest Corporation as a surrogate ILEC for the entire state).

IT IS FURTHER ORDERED that Staff shall review the FVRB information filed and ascertain that BFI is utilizing the appropriate amount of depreciation and capital carrying costs in determining its total service long-run incremental costs.

IT IS FURTHER ORDERED that Staff or Intervenors shall file disagreements with the proposed FVRB and/or rates and charges by **12 noon** on December 6, 2000.

IT IS FURTHER ORDERED that BFI shall file written exceptions, if any, to the Staff Report, Staff's comments on Arrival's proposed FVRB, or Intervenors comments on Arrival's proposed FVRB, or request that a hearing be set by **12 noon** on December 13, 2000.

IT IS FURTHER ORDERED that the time periods specified herein shall not be extended pursuant to Rule 6(a) or (e) of the Arizona Rules of Civil Procedure.

IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend or waive any portion of this Procedural Order by subsequent Procedural Order or by ruling at hearing.

DATED this 3rd day of October, 2000.


STEPHEN GIBELLI
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered
This 3rd day of October, 2000 to:

Patrick Wiggins
WIGGINS AND VILLACORTA, P.A.
2145 Delta Boulevard, Suite 200
Tallahassee, Florida 32303

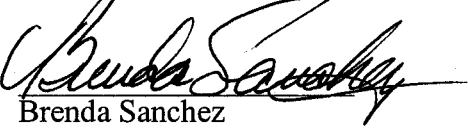
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